

**STATE BOARD OF ACCOUNTS  
302 West Washington Street  
Room E418  
INDIANAPOLIS, INDIANA 46204-2769**

**Paul D. Joyce, CPA  
State Examiner**

FEDERAL COMPLIANCE AUDIT REPORT  
OF  
LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION  
DELAWARE COUNTY, INDIANA  
July 1, 2022 to June 30, 2024



**FILED**

03/24/2025



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cindy Skinner	07-01-22 to 06-30-25
Superintendent of Schools	Bryan Rausch	07-01-22 to 07-05-24
	(Vacant)	07-06-24 to 07-31-24
	Aaron Black	08-01-24 to 06-30-25
President of the School Board	Robert Cook	07-01-22 to 12-31-24
	Kevin Nemyer	01-01-25 to 06-30-25



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# INDIANA STATE BOARD OF ACCOUNTS

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF THE LIBERTY-PERRY COMMUNITY SCHOOL  
CORPORATION, DELAWARE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the Liberty-Perry Community School Corporation (School Corporation), for the period of July 1, 2022 to June 30, 2024, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated March 6, 2025, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

### ***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001 and 2024-002, that we consider to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

***Report on Compliance and Other Matters***


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001 and 2024-002.

***Liberty-Perry Community School Corporation's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the School Corporation's response to findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement, and, accordingly, we express no opinion on it.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Beth Kelley, CPA, CFE  
Deputy State Examiner

March 6, 2025



Paul D. Joyce, CPA  
State Examiner

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

TO: THE OFFICIALS OF THE LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION, DELAWARE COUNTY, INDIANA

## Report on Compliance for Each Major Federal Program

### ***Qualified and Unmodified Opinions***

We have audited the Liberty-Perry Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2022 to June 30, 2024. The School Corporation's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

### ***Qualified Opinion on Child Nutrition Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, the School Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2022 to June 30, 2024.

### ***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2022 to June 30, 2024.

### **Basis for Qualified and Unmodified Opinions**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the School Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School Corporation's compliance with the compliance requirements referred to above.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE  
(Continued)

*Matter Giving Rise to Qualified Opinion on Child Nutrition Cluster*

As described in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding the Child Nutrition Cluster, as described in item 2024-003 for Procurement, Suspension, and Debarment. Compliance with such requirement is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School Corporation's federal programs.

**Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE  
(Continued)

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2024-004 and 2024-006. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the School Corporation's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

**Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2024-003, 2024-004, 2024-005, 2024-006, and 2024-007, to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* require the auditor to perform limited procedures on the School Corporation's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The School Corporation's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE  
(Continued)

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2022 to June 30, 2024, and the related notes to the financial statement. We issued our report thereon dated March 6, 2025, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.



Beth Kelley, CPA, CFE  
Deputy State Examiner

March 6, 2025

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2023 and 2024

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23	Passed Through to Subrecipient 06-30-24	Total Federal Awards Expended 06-30-24
<b>Department of Agriculture</b>							
Child Nutrition Cluster							
School Breakfast Program							
	Indiana Department of Education	10.553					
			FY 2023	\$ -	\$ 108,097	\$ -	\$ -
			FY 2024	-	-	-	96,538
				<u>-</u>	<u>108,097</u>	<u>-</u>	<u>96,538</u>
Total - School Breakfast Program							
National School Lunch Program							
	Indiana Department of Education	10.555					
			FY 2023	-	393,287	-	-
			FY 2024	-	-	-	329,498
			FY 2023	-	56,332	-	-
			FY 2024	-	-	-	66,969
			FY 2023	-	67,440	-	-
			FY 2024	-	-	-	40,752
				<u>-</u>	<u>517,059</u>	<u>-</u>	<u>437,219</u>
Total - National School Lunch Program							
Summer Food Service Program for Children							
	Indiana Department of Education	10.559					
			FY 2024	-	12,407	-	12,590
				<u>-</u>	<u>12,407</u>	<u>-</u>	<u>12,590</u>
Total - Child Nutrition Cluster							
				<u>-</u>	<u>637,563</u>	<u>-</u>	<u>546,347</u>
Total - Department of Agriculture							
				<u>-</u>	<u>637,563</u>	<u>-</u>	<u>546,347</u>
<b>Department of Education</b>							
Special Education Cluster (IDEA)							
Special Education Grants to States							
	Indiana Department of Education	84.027					
			21611-062-PN01	-	16,214	-	-
			23611-062-PN01	-	243,797	-	72,521
			24611-062-PN01	-	-	-	176,162
				<u>-</u>	<u>260,011</u>	<u>-</u>	<u>248,683</u>
Subtotal - Special Education Grants to States							
COVID-19 - Special Education Grants to States							
	Indiana Department of Education	84.027					
			22611-062 ARP	-	8,551	-	-
				<u>-</u>	<u>8,551</u>	<u>-</u>	<u>-</u>
Total - Special Education Grants to States							
				<u>-</u>	<u>268,562</u>	<u>-</u>	<u>248,683</u>
Special Education Preschool Grants							
	Indiana Department of Education	84.173					
			23619-062-PN01	-	10,245	-	-
			24619-062-PN01	-	-	-	9,125
				<u>-</u>	<u>10,245</u>	<u>-</u>	<u>9,125</u>
Total - Special Education Preschool Grants							
				<u>-</u>	<u>10,245</u>	<u>-</u>	<u>9,125</u>
Total - Special Education Cluster (IDEA)							
				<u>-</u>	<u>278,807</u>	<u>-</u>	<u>257,808</u>

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2023 and 2024

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-23	Total Federal Awards Expended 06-30-23	Passed Through to Subrecipient 06-30-24	Total Federal Awards Expended 06-30-24
Title I Grants to Local Educational Agencies TITLE I TITLE I	Indiana Department of Education	84.010	S010A210014 S010A210014	- -	158,022 -	- -	- 85,118
Total - Title I Grants to Local Educational Agencies				-	158,022	-	85,118
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) Title II-A	Indiana Department of Education	84.367	S367A220013	-	32,840	-	53,431
Student Support and Academic Enrichment Program Title IV Part A Title IV Part A	Indiana Department of Education	84.424	S424A210015 S424A210015	- -	21,213 -	- -	- 23,232
Total - Student Support and Academic Enrichment Program				-	21,213	-	23,232
COVID-19 - Education Stabilization Fund ESSER II ESSER III ESSER III	Indiana Department of Education	84.425D 84.425U 84.425U	S425D210013 S425U200013 S425U200013	- - -	19,317 796,579 -	- - -	- - 367,286
Total - COVID-19 - Education Stabilization Fund				-	815,896	-	367,286
Total - Department of Education				-	1,306,778	-	786,875
<u>Department of Health and Human Services</u>							
<u>Public Health Emergency Response: Cooperative Agreement</u>							
for Emergency Response: Public Health Crisis Response Delaware County CoAg Delaware County CoAg	Delaware County Health Department	93.354	FY 22/23 FY 23/24	- -	4,035 -	- -	- 7,888
Total - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response				-	4,035	-	7,888
Medicaid Cluster Medical Assistance Program Medical Assistance Program Medical Assistance Program	Indiana Family Social Services Administration Indiana Department of Education	93.778	FY 22/23 / FY 23/24 FY 22/23 / FY 23/24	- -	22,307 6,406	- -	54,941 4,472
Total - Medical Assistance Program				-	28,713	-	59,413
Total - Medicaid Cluster				-	28,713	-	59,413
Total - Department of Health and Human Services				-	32,748	-	67,301
Total federal awards expended				\$ -	\$ 1,977,089	\$ -	\$ 1,400,523

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Summary of Significant Accounting Policies**

*A. Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal award activity of the School Corporation under programs of the federal government for the years ended June 30, 2023 and 2024. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

*B. Other Significant Accounting Policies*

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

**Note 2. Indirect Cost Rate**

The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3. Greater Randolph Interlocal Cooperative (Cooperative)**

The School Corporation is a member of the Greater Randolph Interlocal Cooperative and serves as the fiscal agent. As a result, the activity for the Special Education Cluster (IDEA) that is presented as receipts and disbursements in the financial statement is not presented on the SEFA for the School Corporation. This activity is reported on the SEFAs of the member school corporations, as appropriate.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion Issued
84.425	Child Nutrition Cluster COVID-19 - Education Stabilization Fund	Qualified Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

**FINDING 2024-001**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness, Noncompliance

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-002.

*Condition and Context*

The School Corporation did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The School Corporation failed to properly review the federal grant information prepared and submitted in the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the SEFA. Although one employee prepared and entered the federal award information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect or allow correction of errors prior to submission.

Due to the lack of effective internal controls, the SEFA presented for audit included the following errors:

- The National School Lunch Program overstated expenditures by \$79,846 and \$102,245 in fiscal years 2022-2023 and 2023-2024, respectively.
- The Special Education grant was understated by \$72,251 in 2023-2024.
- The COVID-19 - Education Stabilization Fund grant understated expenditures by \$104,874 in 2023-2024.
- The Medical Assistance Program overstated expenditures by \$66,205 and \$45,734 in 2022-2023 and 2023-2024, respectively.
- Additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$88,732 in 2022-2023 and \$128,420 in 2023-2024.
- Additionally, some grants included incorrect titles and pass-through agencies.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

(b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510. . . ."

2 CFR 200.510(b) states:

*"Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414."

*Cause*

Management had not established a system of internal controls that would ensure proper reporting of the SEFA. The School Corporation had a review by management personnel; however, the review was not effective in identifying and correcting errors that were present in the SEFA.

*Effect*

Without the proper implementation of an effectively designed system of internal controls, the School Corporation cannot ensure the SEFA is reported accurately. The SEFA being inaccurate can lead to grant funding not being properly reported to federal agencies, which could impact future federal funding.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2024-002**

Subject: Financial Transactions and Reporting  
Audit Findings: Material Weakness, Noncompliance

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-001.

*Condition and Context*

The School Corporation had not established effective internal controls over the financial information and other information entered in the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the financial statement. The School Corporation uploaded the information for the AFR into Gateway without an effective review process.

Due to the lack of effective internal controls, the AFR included the following errors:

- The Education fund was incorrectly reported in the AFR, which understated receipts and ending cash and investments by \$9,458,437 in fiscal year 2023-2024.
- The clearing fund titled "Clearing Res" was incorrectly reported in the AFR, which overstated receipts and disbursements \$3,725,000 in 2022-2023.
- There were numerous other errors in 2022-2023 to various funds that resulted in a net understatement of beginning balances of \$92,361, a net understatement of receipts of \$281,497, a net understatement of disbursements of \$363,855, and a net overstatement of ending balances of \$10,003.
- There were numerous other errors in 2023-2024 to various funds that resulted in a net understatement of receipts of \$165,834, a net understatement of disbursements of \$248,334, a net overstatement of other financing sources and uses of \$47,108, and a net understatement of ending cash and investment balance of \$129,608.
- There were three immaterial funds omitted from 2023-2024 resulting in an understatement of receipts of \$145,758, disbursements of \$96,717, and the ending cash and investment balance of \$49,041.

Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement and to the Combining Schedule of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis presented as Other Information in the Financial Statement Audit Report of the School Corporation for all errors above other than the omission of the three immaterial funds.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

*Cause*

Management had not established a system of internal controls that would ensure proper reporting of the AFR. The School Corporation had a review by management personnel; however, the review was not effective in identifying and correcting errors that were present in the SEFA.

*Effect*

Without the proper implementation of an effectively designed system of internal controls, the School Corporation cannot ensure the AFR is reported accurately. The AFR being inaccurate can lead to receipts and expenditures not being properly reported to the public and misleading.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2024-003**

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children  
Assistance Listings Numbers: 10.553, 10.555, 10.559  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2023, FY 2024  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-003.

*Condition and Context*

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Federal regulations allow for informal procurement methods when the value of the procurement for property or services does not exceed the simplified acquisition threshold, which is set at \$250,000. However, Indiana Code 5-22-8 has a more restrictive threshold of \$150,000 or less for when small purchase procedures may be used. This informal process allows for methods other than the formal bid process. The informal process is divided between two methods based on thresholds: micro-purchases, typically for those purchases \$10,000 or under, and small purchase procedures for those purchases above the micro-purchase threshold but below the simplified acquisition threshold. Nonfederal entities may establish a micro-purchase threshold higher than the federal threshold of \$10,000 as established in the FAR in accordance with 2 CFR 200.320(a)(1)(iv) and (v). The School Corporation established a higher micro-purchase threshold of \$50,000. The School Corporation self-certified due to meeting the classification of a public institution and established a higher threshold consistent with state law (Indiana threshold of micro-purchases is \$50,000). Micro-purchases may be awarded without soliciting competitive price rate quotations. If small purchase procedures are used, then price or rate quotations must be obtained from an adequate number of qualified sources.

Adequate internal controls were not in place over procurements made under the small purchase threshold for one of the two vendors tested during the audit period. The School Corporation made purchases with a vendor in fiscal year 2022-2023 totaling \$97,773 and 2023-2024 totaling \$59,070 but did not provide audit evidence that price quotations had been requested.

Additionally, the School Corporation was not able to provide evidence that internal controls over suspension and debarment procedures were in place.

The lack of internal controls was a systemic issue throughout the audit period. The noncompliance was isolated to procurement requirements.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.318(a) states:

"The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§ 200.317 through 200.327."

2 CFR 200.320 states in part:

"The non-Federal entity must have and use documented procurement procedures, consistent with the standards of this section and §§ 200.317, 200.318, and 200.319 for any of the following methods of procurement used for the acquisition of property or services required under a Federal award or sub-award.

(a) *Informal procurement methods.* When the value of the procurement for property or services under a Federal award does not exceed the *simplified acquisition threshold (SAT)*, as defined in § 200.1, or a lower threshold established by a non-Federal entity, formal procurement methods are not required. The non-Federal entity may use informal procurement methods to expedite the completion of its transactions and minimize the associated administrative burden and cost. The informal methods used for procurement of property or services at or below the SAT include: . . .

(1) . . .

(iv) *Non-Federal entity increase to the micro-purchase threshold up to \$50,000.* Non-Federal entities may establish a threshold higher than the micro-purchase threshold identified in the FAR in accordance with the requirements of this section. The non-Federal entity may self-certify a threshold up to \$50,000 on an annual basis and must maintain documentation to be made available to the Federal awarding agency and auditors in accordance with § 200.334. The self-certification must include a justification, clear identification of the threshold, and supporting documentation of any of the following:

(A) A qualification as a low-risk auditee, in accordance with the criteria in § 200.520 for the most recent audit;

(B) An annual internal institutional risk assessment to identify, mitigate, and manage financial risks; or,

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(Continued)

(C) For public institutions, a higher threshold consistent with State law. . . ."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking the SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

Indiana Code 5-22-8-3 states in part:

"(a) This section applies only if the purchasing agent expects the purchase to be:

- (1) at least fifty thousand dollars (\$50,000); and
- (2) not more than one hundred fifty thousand dollars (\$150,000). . . .

(d) If the purchasing agent receives a satisfactory quote, the purchasing agent shall award a contract to the lowest responsible and responsive offeror for each line or class of supplies required. . . ."

*Cause*

The School Corporation was not able to provide documentation to demonstrate that quotes were obtained for purchases under the small purchase method. The School Corporation was unable to provide documentation to demonstrate it checked SAM.gov to verify the contractor was not suspended or debarred prior to entering into the contract. The School Corporation did not have proper policies and procedures in place due to being unaware of the grant requirements.

*Effect*

Without the proper implementation of an effectively designed system of internal controls, the School Corporation cannot ensure the contractors paid with federal funds are eligible to participate in federal programs. Any funds the School Corporation used to pay contractors that have been suspended or debarred would be unallowable, and the funding agency could potentially recover them. The School Corporation cannot ensure that contractors paid under the small purchase method were awarded the best price for their services. This could result in federal funding not providing as many services or projects as possible.

*Questioned Costs*

There were no questioned costs identified.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Recommendation*

We recommended that the School Corporation strengthen its system of internal controls to ensure the proper procurement method is followed and documentation is retained. We recommended the School Corporation document its internal control procedures performed to ensure that all contractors that are paid \$25,000 or more, all or in part with federal funds, are not suspended or debarred from participating in federal programs before entering into any contracts. We also recommended strengthening its policies and procedures to ensure appropriate evidence is retained for audit.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2024-004**

Subject: Child Nutrition Cluster - Eligibility

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children

Assistance Listings Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2023, FY 2024

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Eligibility

Audit Findings: Material Weakness, Other Matters

*Condition and Context*

The School Corporation had not established effective internal controls that would likely be effective in preventing, or detecting and correcting, noncompliance related to the eligibility determination of a child receiving meals.

Any child enrolled in a participating school or summer camp, or attending a Summer Food Service Program (SFSP) meal service site, who meets the applicable program's definition of "child," may receive meals under the applicable program. In the case of the National School Lunch Program and School Breakfast Program, children belonging to households meeting nationwide income eligibility requirements may receive meals at no charge or at reduced-price. Children who have been determined ineligible for free or reduced-price school meals pay the full price, set by the School Food Authority, for their meals. Children attending SFSP meal service sites receive their meals at no charge. As a general rule, a child's eligibility for free or reduced-price meals under a Child Nutrition Cluster program may be established by the submission of an annual application or statement which furnishes such information as family income and family size. Local educational agencies, institutions, and sponsors then determine eligibility by comparing the data reported by the child's household to published income eligibility guidelines. Additionally, a child may be Direct Certified. For a Direct Certification, annual eligibility determinations are based on the child's household receiving benefits under SNAP, FDPIR, the Head Start Program (ALN 93.600), or, under most circumstances, the TANF program (ALN 93.558). A household may furnish documentation of its participation in one of these programs, or the school, institution, or sponsor may obtain the information directly from the state or local agency that administers these programs. Certain foster, runaway, homeless, and migrant children are categorically eligible for free school lunches and breakfasts. Direct Certified households do not need to complete an application.

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(Continued)

The School Corporation's process for determining student eligibility based on income was that the Food Service Director made the initial eligibility determination and the High School Treasurer reviewed the determination made. Per the School Corporation, 10 percent of free or reduced-priced applications received were subject to this process. However, the School Corporation did not provide a list of student applications which had been reviewed during the audit period. Therefore, it could not be determined whether the internal control over free and reduced-price applications was in place.

The Food Service Director directly imports the initial list of directly-certified students into the school lunch software at the beginning of each school year. Students who are determined to be directly-certified after the initial import are manually entered into the school lunch software by the Food Service Director. There was no documented review or other internal control in place to ensure students who were directly-certified were entered into the system correctly.

A sample of 40 students receiving free or reduced-priced meals that were selected for testing to determine whether required eligibility determinations were made, participants were determined to be eligible, and that only eligible individuals participated in the program. Of the 40 students receiving free or reduced-priced meals that were selected for testing, supporting documentation was not provided for 1 student selected for testing. Therefore, it could not be determined that the correct eligibility status was made in the system software for this student.

The lack of internal controls and noncompliance were systemic issues throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 245.6 states in part:

". . . (b) *Direct certification*. In lieu of requiring a household to complete the free and reduced price meal or free milk application, as specified in paragraph (a) of this section, the local educational agency must certify children as eligible for free meals or free milk in accordance with paragraph (b)(1)(i) of this section or may certify children as eligible for free meals or free milk in accordance with paragraph (b)(2) of this section. If a household also submits an application for directly certified children, the direct certification eligibility determination will take precedence. . . ."

- (5) *Direct certification documentation*.

- (i) The required documentation for direct certification is provided in paragraph (2) of the definition of *Documentation* in § 245.2.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

(ii)

(A) Beginning in School Year 2012-2013, direct certification with SNAP shall be conducted using a data matching technique only. Letters to households for direct certification may be used only as an additional means to notify households of children's eligibility based on receipt of SNAP benefits. The last period that letters to households may be used as the primary method for direct certification is School Year 2011-2012. While such notices cannot be the primary method used by a state to document receipt of SNAP, the local educational agency shall accept such a letter if presented by a household.

(B) Letters or other documents may be used as the primary method for direct certification to document receipt of *FDPIR* or *TANF* benefits.

(iii) Individual notices from officials of eligible programs for a *Foster child*, a *Homeless child*, a *Migrant child*, a *Runaway child*, or a *Head Start child*, as defined in § 245.2, may continue to be used. These notices are provided to school officials who must certify these children as eligible for free meals or free milk, as applicable, without further application, upon receipt of such notice.

(c) *Determination of eligibility . . .*

(2) *Use of prior year's eligibility status.* Prior to the processing of applications or the completion of direct certification procedures for the current school year, children from households with approved applications or documentation of direct certification on file from the preceding year, shall be offered reimbursable free and reduced price meals or free milk, as appropriate. The local educational agency must extend eligibility to newly enrolled children when other children in their household (as defined in § 245.2) were approved for benefits the previous year. However, applications and documentation of direct certification from the preceding year shall be used only to determine eligibility for the first 30 operating days following the first operating day at the beginning of the school year, or until a new eligibility determination is made in the current school year, whichever comes first. At the State agency's discretion, students who, in the preceding school year, attended a school operating a special assistance certification and reimbursement alternative (as permitted in § 245.9) may be offered free reimbursable meals for up to 30 operating days or until a new eligibility determination is made in the current school year, whichever comes first. . . .

(4) *Calculating income.* The local educational agency must use the income information provided by the household on the application to calculate the household's total current income. When a household submits an application containing complete documentation, as defined in § 245.2, and the household's total current income is at or below the eligibility limits specified in the Income Eligibility Guidelines as defined in § 245.2, the children in that household must be approved for free or reduced price benefits, as applicable. . . ."

*Cause*

The School Corporation was unable to provide documentation of student eligibility as noted in the *Condition and Context* and did not have internal controls over Direct Certification. The School Corporation did not have policies and procedures in place to properly maintain supporting documentation or establish internal controls over Direct Certification.

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(Continued)

*Effect*

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, a student's eligibility for free or reduced-price meals could not be determined. Noncompliance with the grant agreement and the compliance requirement could result in the loss of future federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended the School Corporation's management establish a proper system of internal controls and develop policies and procedures to ensure only eligible students receive benefits.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2024-005**

Subject: COVID-19 - Education Stabilization Fund - Activities Allowed or Unallowed, Allowable Costs/Cost Principles  
Federal Agency: Department of Education  
Federal Program: COVID-19 - Education Stabilization Fund  
Assistance Listings Numbers: 84.425D, 84.425U  
Federal Award Numbers and Years (or Other Identifying Numbers): S425D210013, S425U200013  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles  
Audit Finding: Material Weakness

*Condition and Context*

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure payroll and vendor payments paid from the COVID-19 - Education Stabilization Fund was allowable and in conformance with the cost principles.

The School Corporation did not implement or maintain supporting documentation of the reviews or approval by a knowledgeable person to ensure allowability and conformance with cost principles for payroll and vendor disbursements from the COVID-19 - Education Stabilization Fund grants.

The lack of internal controls was a systematic issue during the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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(Continued)

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

A proper system of internal controls was not designed by management of the School Corporation, which would include appropriate segregation of duties. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. The School Corporation has policies to establish internal controls and procedures, but did not establish proper internal controls.

*Effect*

The failure to establish an effective internal control system could enable material noncompliance to go undetected. Noncompliance with the grant agreement and the Activities Allowed or Unallowed and the Allowable Costs/Cost Principles compliance requirements could have resulted in the loss of federal funds.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls, including segregation of duties, related to the grant agreement and the compliance requirements listed above. An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2024-006**

Subject: COVID-19 - Education Stabilization Fund - Equipment and Real Property Management  
Federal Agency: Department of Education  
Federal Program: COVID-19 - Education Stabilization Fund  
Assistance Listings Numbers: 84.425D, 84.425U  
Federal Award Numbers and Years (or Other Identifying Numbers): S425D210013, S425U200013  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Equipment and Real Property Management  
Audit Findings: Material Weakness, Other Matters

*Condition and Context*

The School Corporation had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance. A property record or capital asset listing, which would include a description of the property, a serial number or other identification number, the source of funding for the property (including the federal award identification number (FAIN)), who holds title, the acquisition date, cost of the property, percentage of federal participation in the project costs for the federal award under which the property was acquired, the location, and use and condition of the property, is to be maintained for assets purchased that exceed the School Corporation's capitalization threshold. In addition, a physical inventory of all assets should be completed at least every two years.

There were two assets purchased with grant funds selected for testing, totaling \$100,847. The assets were included on the capital asset records but did not have a serial number or other identification number, the source of funding for the property (including the FAIN), or percentage of federal participation in the project costs for the federal award under which the property was acquired.

The lack of internal controls and noncompliance were systemic issues throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.313(d) states in part:

". . . (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

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(Continued)

- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated. . . ."

*Cause*

A proper system of internal controls was not designed by management of the School Corporation, which would include segregation of key functions. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. The School Corporation has policies to establish internal controls and procedures but did not establish proper internal controls.

*Effect*

Without the proper design or implementation of the components of a system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, asset records did not include all of the required information. Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure asset records include all the required information.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2024-007**

Subject: COVID-19 - Education Stabilization Fund - Reporting  
Federal Agency: Department of Education  
Federal Program: COVID-19 - Education Stabilization Fund  
Assistance Listings Numbers: 84.425D, 84.425U  
Federal Award Numbers and Years (or Other Identifying Numbers): S425D210013, S425U200013  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Reporting  
Audit Finding: Material Weakness

*Condition and Context*

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure reporting was accurate for disbursements from the education stabilization fund.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The School Corporation did not implement or maintain supporting documentation of the reviews or approval by a knowledgeable person to ensure reporting was accurate for disbursements from the COVID-19 - Education Stabilization Fund grant.

The lack of effective internal controls was a systematic issue during the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

A proper system of internal controls was not designed by management of the School Corporation, which would include appropriate segregation of duties. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. The School Corporation has policies to establish internal controls and procedures but did not establish proper internal controls.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Reporting compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that management of the School Corporation establish a proper system of internal controls and develop policies and procedures to ensure compliance with reporting requirements.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

#### AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.



**LIBERTY PERRY COMMUNITY SCHOOL CORPORATION**

**ADMINISTRATIVE OFFICE**

105 South CR 650 East

Selma, Indiana 47383



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FINDING 2022-001**

**Fiscal year in which the finding initially occurred:**

2020

**Current Audit Period:**

2022-2024

**Finding Subject:**

Internal Controls

**Summary of Finding:**

Monthly review and signatures from both the Business Manager and the Superintendent.

**Status of Audit Finding:**

Currently in progress. With the superintendent change that happened last summer we are creating different controls to address this finding.

**Response Comments:**

The prior Superintendents documentation of review was not able to be found or proved due to poor records over documentation. The Superintendent is new and is working to rectify the issues now.

Aaron Black

Superintendent

Liberty Perry School Corporation



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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FINDING 2022-002**

**Fiscal year in which the finding initially occurred:**

2020

**Current Audit Period:**

2022-2024

**Finding Subject:**

Preparation of SEFA.

**Summary of Finding:**

Federal grants and SEFA reports.

**Status of Audit Finding:**

Not corrected. The business manager and superintendent will address this by having 2 signatures on the SEFA review before uploading to the SBOA.

**Response Comments:**

The Business Manager believed she was inputting the correct numbers and names for grant expenditures using the CNP website and distributions. The Field Examiner showed us how to verify the correct numbers and names for grant expenditures.

Aaron Black

Superintendent

Liberty Perry School Corporation



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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FINDING 2022-003**

**Fiscal year in which the finding initially occurred:**

2020

**Current Audit Period:**

2022-2024

**Finding Subject:**

Procurement

**Summary of Finding:**

Bid process on purchases over \$10,000.

**Status of Audit Finding:**

Currently in progress. The cafeteria manager and business manager will review the purchases and assure 2 signatures are on the bid sheets to improve internal controls of this policy.

**Response Comments:**

The prior Superintendents documentation of review was not able to be found or proved due to poor records over documentation. The Superintendent is new and is working to rectify the issues now.

Aaron Black

Superintendent

Liberty Perry School Corporation



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### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2022-004**

**Fiscal year in which the finding initially occurred:**

2020

**Current Audit Period:**

2022-2024

**Finding Subject:**

Timely Claims

**Summary of Finding:**

Reimbursement claims were not received in a timely manner.

**Status of Audit Finding:**

This was corrected on February of 2023 when Liberty-Perry made changes to our internal control measures to ensure claims were submitted in a timely manner.

**Response Comments:**

None

Aaron Black

Superintendent

Liberty Perry School Corporation



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### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### **FINDING 2022-005**

##### **Fiscal year in which the finding initially occurred:**

2020

##### **Current Audit Period:**

2022-2024

##### **Finding Subject:**

Distribution Reports for Cafeteria.

##### **Summary of Finding:**

The distribution reports did not include all cafeteria employees.

##### **Status of Audit Finding:**

This was corrected in February of 2023 when Liberty-Perry made changes to our internal control measures to ensure distribution reports were reviewed by the cafeteria manager and the corporation treasurer in a timely manner.

##### **Response Comments:**

None

Aaron Black

Superintendent

Liberty Perry School Corporation



CORRECTIVE ACTION PLAN

**FINDING: 2024-001**

Contact Person Responsible for Corrective Action: Cindy Skinner, Corporation Treasurer  
Contact Phone Number: 765-282-5615 ext. 5002

Views of Responsible Official  
We concur with the finding

Description of Corrective Action Plan: I will make sure to take time and look over the financial statement information closer at the next review. The information that I uploaded on Gateway was correct and I had relied on that to match the financial statement and it did not. I will make sure this is implemented ASAP.

Anticipated Completion Date: March, 2025



CORRECTIVE ACTION PLAN

**FINDING: 2024-002**

Contact Person Responsible for Corrective Action: Cindy Skinner, Corporation Treasurer  
Contact Phone Number: 765-282-5615 ext. 5002

Views of Responsible Official  
We concur with the finding

Description of Corrective Action Plan: I will make sure and review grant information submitted in Gateway closer. Internal controls will be put in place for 2 employees to review information to be entered and to review after submission.

Anticipated Completion Date: March, 2025



**Finding 2024-003**

Contact Person Responsible for Corrective Action Plan: Brenda Layne,  
Food Service Director

Contact Phone Number: 765-289-7323

We concur with the finding.

Corrective Action plan: As of 3/1/25. Cindy will look the company up on Sam.gov. and the Food Service Director will look it over and both of us will initial and keep a copy on file.

Anticipated Completion Date: March 2025

**Finding 2024-004**

Contact Person Responsible for Corrective Action: Brenda Layne, Food Service Director

Contact Phone Number: 765-289-7323

We concur with the finding.

Corrective Action plan: As of SY 24/25 when the High School Treasurer checks the 10% of the paper applications, she will make a list of the ones she checked and it will be located in the application binder.

As of March 1<sup>st</sup>,2025 The Food Service Director will run a copy of Direct Certs that Titan has in their file, she will then cross check it with the list that is send from IDOE. She will keep both list together in a file after initialing it.

Anticipated Completion Date: March 2025



CORRECTIVE ACTION PLAN

**FINDING 2024-005**

Contact Person Responsible for Corrective Action: Cindy Skinner, Corporation Treasurer  
Contact Phone Number: 765-282-5615

View of Responsible Official:  
We Concur with the Findings

Description of Corrective Action Plan:  
We will implement internal controls that will correct the Allowable Activities and Costs procedures for Federal Grants.

Anticipated Completion Date: March 2025

CORRECTIVE ACTION PLAN

**FINDING 2024-006**

Contact Person Responsible for Corrective Action: Cindy Skinner, Corporation Treasurer  
Contact Phone Number: 765-282-5615

View of Responsible Official:  
We Concur with the Findings

Description of Corrective Action Plan:  
We will work with the Capital Assets reporting Firm more closely to assure that all listed property is properly marked and that it is still in our possession.

Anticipated Completion Date: March 2025

CORRECTIVE ACTION PLAN

**FINDING 2024-007**

Contact Person Responsible for Corrective Action: Cindy Skinner, Corporation Treasurer  
Contact Phone Number: 765-282-5615

View of Responsible Official:  
We Concur with the Findings

Description of Corrective Action Plan:  
The Corporation Treasurer will review the Financial report more closely and make sure that internal controls are in place to ensure compliance.

Anticipated Completion Date: March 2025

## OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.